

## Message Text

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ACTION IO-13

INFO OCT-01 ISO-00 ABF-01 OMB-01 TRSE-00 AF-08 ARA-06

EA-07 EUR-12 NEA-10 SS-15 NSC-05 PRS-01 CIAE-00

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E.O. 11652: N/A

TAGS: AORG,UN

SUBJECT: UN ADMINISTRATION- MEETING OF COMMITTEE ON THE  
UN FINANCIAL EMERGENCY OCTOBER 7, 1976

REF: USUN 3928

1. SUMMARY: COMMITTEE ON THE UN FINANCIAL EMERGENCY HEAD COMMENTS  
OF SEVERAL SPEAKERS ON CHAIRMAN BOATEN'S GUIDELINES PAPER AT ITS  
OCT 7 MEETING, BUT RAN OUT OF STEAM WHEN USSR OFFERED NO COMMENT.  
END SUMMARY.

2. WORK OF THE COMMITTEE ON THE UN FINANCIAL EMERGENCY HAS  
REACHED AN IMPASSE BECAUSE OF FAILURE OF USSR TO TAKEN A  
POSITION ON THE GUIDELINES PUT FOREARD BY CHAIRMAN BOATEN.  
AT THE LAST MEETING OCTOBER 7 SEVERAL DELS INCLUDING THE  
US, COMMENTED IN SOME DETAIL ON THE GUIDELINES. USSR  
REMAINED SILENT AS BEFORE. BOATEN ANNOUNCED HE WOULD  
PREPARE A REVISION OF THE GUIDELINES BASED ON OBSERVATIONS  
MADE BY DELS, FOR DISCUSSION AT NEXT MEETING. AT THIS  
POINT USSR REQUESTED THAT ONE MORE MEETING BE DEVOTED TO  
DISCUSSION OF GUIDELINES IN THEIR PRESENT FORM.  
CHAIRMAN AGREED, TENTATIVELY FIXING DATE OF OCT 12.

3. CANADA (HAHN) AND IRELAND (NASON, RAPPORTEUR)

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HAVE GIVEN BOATEN PAPER TO USE AS BASIS FOR WRITING

HIS REVISION. IT IS THEIR HOPE THAT IT WILL FORCE SOVIETS TO QUIT STALLING AND PRONOUNCE THEMSELVES. TEXT OF CANADIAN/IRISH PAPER POUNDED IO/IBC (HANNES). DEPARTMENT'S COMMENTS ON IT WOULD BE APPRECIATED. FOLLOWING IS SUMMARY OF POINTS ON GUIDELINES AT OCT 7 MEETING:

ITALY(QUINTON) - CONCERNED OVER EVER-INCREASING BUDGET OF UN AND CONTINUOUS EXPANSION OF ITS STAFF; ASSESSED CONTRIBUTIONS SHOULD BE PAID IN FULL ASAP AND IF THERE ARE OBJECTIONS ON PRINCIPLE BEST WAY TO DRAW ATTENTION TO THEM IS TO MAKE RESERVATIONS RATHER THAN WITHHOLDING CONTRIBUTIONS; ANY MEASURE WHICH WOULD CHANGE NATURE OF FINANCING UN BONDS WOULD CAST SERIOUS DOUBTS ON SOUNDNESS OF UN SYSTEM; NO STRONG FEELINGS AGAINST CONVENING PLEDGING CONFERENCE; PREVIOUS EFFORTS BY ITALY AND OTHERS TO PROVIDE FUNDS THROUGH VOLUNTARY CONTRIBUTIONS AND PURCHASE OF BONDS PROVED A QUOTE MERE PALLIATIVE WHICH DID NOT TACKLE ROOT OF PROBLEM. UNQUOTE.

JAPAN (AKASHI) - REGRETTED THAT OTHERS HAD NOT FOLLOWED UP ON ITS \$10 MILLION CONTRIBUTION TO OVERCOME FINANCIAL DIFFICULTIES; STRESSED BULK OF TECHNICAL ASSISTANCE SHOULD BE FINANCED BY VOLUNTARY CONTRIBUTIONS, NOT BY INCREASE IN APPROPRIATIONS IN REGULAR BUDGET; COULD SUPPORT HOLDING PLEDGING CONFERENCE IF IT WERE CAREFULLY PREPARED.

US (STOTTLEMYER) COMMENTED ON RELATIVE ROLES OF LATE PAYMENT AND WITHHOLDING AS CAUSES OF CASH PROBLEMS, SAYING SECRETARIAT SHOULD HAVE PUT MORE STRESS ON WITHHOLDING -THE PRIME CAUSE; ALSO THOUGHT PAPER SHOULD SPEAK OF QUOTE OBLIGATIONS UNQUOTE RATHER THAN QUOTE RESPONSIBILITY UNQUOTE OF EACH STATE TO PAY ITS FULL ASSESSED CONTRIBUTIONS; SAID US WOULD NOT BE INTERESTED IN ATTENDING ANY PLEDGING CONFERENCE WITHOUT PRIOR VALID ASSURANCES THAT THOSE RESPONSIBLE FOR DEFICIT WILL MAKE APPROPRIATELY VOLUNTARY CONTRIBUTIONS OR OTHER PAYMENT OF ARREARAGES, WILL DISCONTINUE WITHHOLDINGS, AND WILL MAKE ALL FUTURE PAYMENTS IN SUEABLE CURRENCIES. ADDED THAT KEY TO SOLUTION LAY IN DISCONTINUATION OF WITHHOLDING; THE US HAD PURCHASED MORE THAN HALF OF THE BOND ISSUE; HAD MADE VOLUNTARY CONTRIBUTIONS, HAD TAKEN STEPS TO PAY ITS ASSESSMENTS LIMITED OFFICIAL USE

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ON TIME, AS WAS NOT IN ARREARS. FRG (SCHMIDT) THOUGHT THE UN WOULD HAVE TOO MUCH MONEY ON ITS HANDS IF ALL MEMBERS PAID THEIR FULL CONTRIBUTIONS IN FEBRUARY; IT MIGHT BE BETTER TO ADJUST THE PATTERN OF CONTRIBUTION PAYMENTS TO THE PATTERN OF EXPENDITURES. THOUGHT A PENALTY FOR LATE CONTRIBUTIONS MIGHT BE ASSESSED. HAD DOUBTS ABOUT HOW BONDHOLDERS COULD BE SURE THEY WOULD GET WHAT WAS DUE THEM UNDER SUGGESTED GUIDELINES. PERHAPS BONDHOLDERS

COULD FOREGO INTEREST DUE THEM EACH JANUARY  
AND LATER DEDUCT THE AMOUNT FROM THEIR CONTRIBUTION.  
GUIDELINES ON BUDGET ARE OUT OF PLACE IN A PAPER ON THE DEFICIT.  
BETTER NOT SET SPECIFIC DATE FOR A PLEDGING CONFERENCE.  
PAKISTAN (KEMAL) SAID NOT ALL MEMBERS REGARDED WITHHOLDING AS THE  
MAIN CAUSE OF THE FINANCIAL DIFFICULTIES. LATE PAYMENT WAS AN  
IMPORTANT CAUSE OF THE CASH SHORTAGE. CHAIRMAN'S GUIDELINES ON  
TECHNICAL ASSISTANCE SHOULD NOT OFFEND ANYONE. PARTICIPATION BY  
US IN THE PROPOSED PLEDGING CONFERENCE IS ESSENTIAL. SOME  
OF THE US PRE-CONDITIONS FOR ATTENDANCE ARE MET IN CHAIRMAN'S  
PAPER. FRANCE (DERRE) SAID IT WOULD BE CONTRARY TO  
FINANCIAL REGULATIONS TO USE THE INTEREST EARNED THROUGH EARLY  
PAYMENTS TO SOLVE OTHER PROBLEMS, AND IT WOULD BE ILLOGICAL TO USE  
BUDGETARY SAVINGS FOR FINANCING THE BONDS. A PLEDGING CONFERENCE  
WOULD BE PREMATURE IF HELD BEFORE THE BUDGET IS MADE SOUND.

4. CONTROLLER DEBATIN OBJECTED TO THE FRG SUGGESTION OF  
MATCHING PAYMENT OF CONTRIBUTIONS TO THE EXPENDITURE PATTERN,  
SINCE THIS WOULD FURTHER DAMAGE THE FINANCIAL SITUATION IF NO  
MEANS WERE FOUND TO ENSURE THAT PAYMENTS WERE MADE ON TIME.

5. CHAIRMAN BOATEN NOTED THAT HIS PAPER HAD NOT DEALT WITH THE  
WORKING CAPITAL FUND BECAUSE IF PROPOSED REMEDIES WERE  
EFFECTIVE,  
NEED FOR FUND WOULD NOT ARISE; FURTHERMORE, SOME DELEGATIONS  
WERE OPPOSED TO REPLENISHING THE FUND. HOWEVER, IF MEMBERS  
SAW A NEED TO REPLENISH THE FUND, IT COULD BE DONE.  
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